



PRESS RELEASE

Malawi Economic Conference Affirms Recent Policy Reforms and Calls for Additional Measures to Achieve More Inclusive Growth

The Malawi Ministry of Finance, the Reserve Bank of Malawi and the International Monetary Fund jointly organized a conference in Lilongwe during November 2-3, 2012 aimed at discussing strategies for enhancing the implementation of Malawi's Economic Recovery Plan (ERP). The high level conference was held under the theme "Toward More Inclusive Growth."

The conference which was opened by Her Excellency President Joyce Banda attracted leaders from the Executive and Legislative branches of Government, and representatives of civil society, labor, business, academia and Malawi's development partners. In her address, President Banda charged participants to review critically the ERP implementation strategy and come up with concrete recommendations for strengthening Malawi's international competitiveness and attracting investments that would promote broad based growth that will significantly reduce poverty in the country.

"This conference brought together representatives from all the major stakeholders for very constructive discussions on the challenges facing Malawi's economy and the road ahead. We are committed to reforms that will put Malawi on the path of high, sustainable and inclusive growth. Strong and inclusive growth is critical for economic development and social cohesion" said Dr. Ken Lipenga, Minister of Finance.

"The conference provided a valuable opportunity for us to listen to wide ranging views of key national stakeholders. There was candid dialogue on policies and measures needed to respond to immediate challenges and to meet Malawi's medium and long term development goals," said Mr. David Owen, Deputy Director of the IMF African Department.

The conference participants called for a broad national commitment to reforms aimed at speeding up the recovery of the Malawian economy and strengthening social protection programs while laying the foundations for sustained strong and inclusive growth. They highlighted several key conclusions and recommendations including:

- High levels of growth since the mid-2000s have had little impact on the overall poverty rate in the country. Although poverty has fallen significantly in urban areas, it has risen in the rural areas where most of the population lives.
- There was broad support for the bold measures taken by the new government in May to restore macroeconomic stability. It was acknowledged that the new administration inherited an economy in crisis as evidenced by acute foreign exchange shortage and declining output and exports.
- Macroeconomic stability is critical, but is not sufficient for a sustained recovery and promoting broad based and inclusive growth.
- In order to improve Malawi's international competitiveness and achieve sustained growth, priority should be given to removing regulatory hurdles to opening or expanding businesses.
- Government expenditures should be prioritized to provide adequate social protection and investment in human capital and physical infrastructure.
- Expanding access to financial services is critical for achieving inclusive growth.
- The ERP should be made more results oriented by including quantified output targets in all priority sectors and time lines for their achievement. The priority sectors should be expanded to include the manufacturing sector which is important for both growth and employment creation.
- Effective dialogue on a regular basis between government and key stakeholders is critical for fostering ownership and sustaining support for the government's reform efforts.